

Diageo UK Turkey Limited

Financial statements 30 June 2015

Registered number: 8449344

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Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 30 June 2015.

The directors were entitled to take advantage of the small companies' exemption in not preparing a strategic report.

Activities

The principal activity of the company is the holding of the Diageo group's investments in Turkey. The directors foresee no changes in the company's activities. The company is incorporated and its operations are based in the United Kingdom.

The share capital and the principal transactions undertaken by the company are denominated in Turkish Lira and accordingly the functional currency of the company is TRY.

Going concern

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Diageo group to continue as a going concern. On the basis of their assessment, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial

The results for the year ended 30 June 2015 are shown on page 5.

The profit for the year transferred to reserves is TRY276,098,000 (2014 - TRY195,812,000).

Dividends paid during the year ended 30 June 2015 and 30 June 2014 were TRY206,971,000 (TRY544.24 per share) and TRY143,817,000 (TRY378.17 per share) respectively.

Directors

The directors who held office during the year were as follows:

S L Fennessy	(appointed 1 October 2014)
D Heginbottom	(resigned 1 October 2014)
E McShane	(appointed 1 October 2014)
J J Nicholls	
M Pais	(resigned 1 October 2014)
P D Tunnacliffe	

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2014 - TRYnil).

Directors' report (continued)

Secretary

On 5 November 2015, V Cooper was appointed as joint Company Secretary.

Auditor

Following an audit tender conducted during the year, PricewaterhouseCoopers LLP were selected as auditor for the Diageo group. Accordingly, it is intended that PricewaterhouseCoopers LLP will be appointed to replace KPMG LLP as auditor for the year ending 30 June 2016.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



S L Fennessy
Director
Lakeside Drive
Park Royal
London
NW10 7HQ

12 November 2015

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Diageo UK Turkey Limited

We have audited the financial statements of Diageo UK Turkey Limited for the year ended 30 June 2015 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.


Karen Wightman (Senior Statutory Auditor)
 for and on behalf of KPMG LLP, Statutory Auditor
 Chartered Accountants

15 Canada Square
 London
 E14 5GL

Date:

19 November 2015

Profit and loss account

	<i>Notes</i>	Year ended 30 June 2015 TRY'000	Year ended 30 June 2014 TRY'000
Income from shares in group undertakings	2	92,920	77,362
Interest receivable	3	217,470	157,052
Profit on ordinary activities before taxation		<u>310,390</u>	<u>234,414</u>
Taxation on profit on ordinary activities	4	(34,292)	(38,602)
Profit for the financial year		<u><u>276,098</u></u>	<u><u>195,812</u></u>

The accounting policies and other notes on pages 7 to 13 form part of the financial statements.

There are no recognised gains and losses other than the result for the year and consequently a statement of total recognised gains and losses has not been presented as part of the financial statements.

There is no difference between the results for the periods shown in the profit and loss account and the results for the relevant periods restated on an historical cost basis.

All results arise from continuing operations.

Balance sheet

		30 June 2015		30 June 2014	
	Notes	TRY'000	TRY'000	TRY'000	TRY'000
Fixed assets					
Investments	5		3,823,180		3,734,914
Current assets					
Debtors	6	1,944,494		1,963,633	
Creditors: amounts falling due within one year	7	(1,816,784)		(1,816,784)	
Net current assets			127,710		146,849
Net assets			3,950,890		3,881,763
Capital and reserves					
Called up share capital	8		380		380
Share premium account	9	3,802,550		3,802,550	
Profit and loss account	9	147,960		78,833	
			3,950,510		3,881,383
Shareholders' funds	10		3,950,890		3,881,763

The accounting policies and other notes on page 7 to 13 form part of the financial statements.

These financial statements on pages 5 to 13 were approved by the board of directors on 12 November 2015 and were signed on its behalf by:

Sham Fennessy

S L Fennessy
Director

Accounting policies

The Financial Reporting Council recently issued *FRS 100 – Application of Financial Reporting Requirements*, *FRS 101 – Reduced Disclosure Framework* and *FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland* which will be first effective for the company for the year ending 30 June 2016. FRS 100 sets out the overall financial reporting framework whereas FRS 101 applies to the company financial statements allowing them to apply the same accounting policies as the IFRS group accounts but with less disclosure. FRS 102 will replace the current UK GAAP standards with an IFRS based new standard and include a set of disclosure exemptions for qualifying entities formerly preparing UK GAAP financial standards. The company will adopt FRS 101, for its financial statements, for the year ending 30 June 2016. Based on a preliminary assessment the company believes the change will have no significant impact on its results or financial position.

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable UK accounting standards.

The company is a wholly owned subsidiary of Diageo plc and is included in the consolidated financial statements of Diageo plc which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (Revised 1996).

The company is exempt under the terms of Financial Reporting Standard No. 8 from disclosing related party transactions (but not balances) with entities that are wholly owned by a member of the Diageo plc group ("group undertakings").

The company is exempt from the requirement to prepare consolidated accounts under section 400 of the Companies Act 2006 as its results are included in the published consolidated financial statements of Diageo plc. These financial statements present information about the company as an individual undertaking and not about its group.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, or if hedged forward, at the rate of exchange under the related foreign currency contract. Assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the financial year end exchange rates. Exchange gains and losses are taken to the profit and loss account.

Fixed asset investments

Investments are stated individually at cost less, where appropriate, provision for impairment in value where such impairment is expected by the directors to be permanent.

Dividends paid and received

Dividends received are included in the financial statements in the year in which they are receivable. Both interim and final dividends are included in the financial statements in the year in which it is approved by the directors.

Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted at the balance sheet date. Except as otherwise required by FRS 19, deferred tax is provided in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, in the future. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Any interest or penalties on tax liabilities are provided in the tax charge.

Notes to the financial statements

1. Operating costs

The auditor's remuneration was paid on behalf of the company by a fellow group undertaking. Fees in respect of services provided by the auditor were TRY7,500 (2014 - TRY8,326). There were no fees payable to the auditor in respect of non-audit services (2014 - TRYnil).

The company did not employ any staff during either the current or prior year.

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2014 - TRYnil).

2. Income from fixed asset investments

	Year ended 30 June 2015 TRY'000	Year ended 30 June 2014 TRY'000
Dividend income from shares in Diageo Europe Holdings Limited	92,920	77,362

3. Interest receivable

	Year ended 30 June 2015 TRY'000	Year ended 30 June 2014 TRY'000
Interest receivable on loans to fellow group undertakings:		
Diageo Europe Holdings Limited	203,498	142,384
Diageo Finance plc	13,972	14,668
	<u>217,470</u>	<u>157,052</u>

Notes to the financial statements (continued)

4. Taxation

	Year ended 30 June 2015 TRY'000	Year ended 30 June 2014 TRY'000
(i) Analysis of taxation charge for the year		
Current tax		
UK corporation tax	(34,292)	(28,936)
Adjustment in respect of prior years	-	(9,666)
	<hr/>	<hr/>
Total current tax	(34,292)	(38,602)
Total deferred tax	-	-
	<hr/>	<hr/>
Taxation on profit on ordinary activities	(34,292)	(38,602)
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	Year ended 30 June 2015 TRY'000	Year ended 30 June 2014 TRY'000
(ii) Factors affecting current tax charge for the year		
Profit on ordinary activities before taxation	310,390	234,414
	<hr/>	<hr/>
Taxation on profit on ordinary activities at UK corporation tax rate of 20.75% (2014 - 22.50%)	(64,408)	(52,746)
Expenses not deductible for tax purposes	(20,228)	(17,155)
Expenses not in P&L but deductible for tax purposes	41,417	31,410
Foreign income subject to UK tax	(10,354)	(7,853)
Dividend income not chargeable for tax purposes	19,281	17,408
Adjustment in respect of prior years	-	(9,666)
	<hr/>	<hr/>
Current ordinary tax charge for the year	(34,292)	(38,602)
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5. Fixed assets – investments

	Subsidiary undertakings TRY'000
Cost and net book value	
At 30 June 2014	3,734,914
Additions	88,266
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At 30 June 2015	3,823,180
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Notes to the financial statements (continued)

5. Fixed assets – investments (continued)

On 28 May 2015, the company acquired an additional 88,266 ordinary shares of TRY1 each at an aggregate premium of TRY88,178,000 in the capital of Diageo UK Turkey Finance Limited for a total cash consideration of TRY88,266,000.

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows. Unless otherwise stated the percentage of shares held are in respect of ordinary share capital.

	Country of incorporation	Principal activity	Percentage of shares owned
Direct holdings:			
Subsidiary undertakings			
Diageo Europe Holdings Limited	Republic of Ireland	Holding company	100%
Diageo US Turkey LLC	US	Financing company	100%
Diageo UK Turkey Finance Limited	England	Financing company	100%
Indirect holdings:			
Subsidiary undertakings			
Diageo Turkey Holdings Limited	Republic of Ireland	Holding company	100%
Mey Icki Sanayi ve Ticaret A.S.	Turkey	Manufacturing, distribution	100%
Mey Alkollu Ickiler Sanayi ve Ticaret A.S	Turkey	Manufacturing, distribution	100%
Turk Alkollu Icki ve Sarap Endustrisi Ltd.Sti.	North Cyprus	Manufacturing, distribution	66%

The investments in subsidiaries are held at cost less, where appropriate, provision for impairment in value.

In the opinion of the directors, the investment in and amounts due from the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements.

Notes to the financial statements (continued)

6. Debtors

	30 June 2015 TRY'000	30 June 2014 TRY'000
Amounts owed by fellow group undertakings:		
Diageo Europe Holdings Limited	1,834,582	1,833,403
Diageo Finance plc	109,902	127,507
Diageo UK Turkey Holdings Limited	10	10
Corporation tax	-	2,713
	<u>1,944,494</u>	<u>1,963,633</u>

Amounts owed by Diageo Europe Holdings Limited and Diageo Finance plc represent loans which are unsecured, at a floating rate of interest and repayable on demand.

Amount owed by Diageo UK Turkey Holdings Limited is an interest free promissory note.

7. Creditors: amounts falling due within one year

	30 June 2015 TRY'000	30 June 2014 TRY'000
Amounts owed to fellow group undertakings:		
Diageo US Turkey LLC	1,816,774	1,816,774
Diageo UK Turkey Finance Limited	10	10
	<u>1,816,784</u>	<u>1,816,784</u>

Amount owed to Diageo US Turkey LLC represents a loan which is unsecured, interest free and repayable on demand.

Amount owed to Diageo UK Turkey Finance Limited is an interest free promissory note.

8. Share capital

	30 June 2015 TRY'000	30 June 2014 TRY'000
<i>Allotted, called up and fully paid:</i>		
380,293 (2014 - 380,293) ordinary shares of TRY1 each	380	380
	<u>380</u>	<u>380</u>

Notes to the financial statements (continued)

9. Reserves

	Share premium account TRY'000	Profit and loss account TRY'000	Total TRY'000
At 30 June 2014	3,802,550	78,833	3,881,383
Profit for the year	-	276,098	276,098
Dividend paid	-	(206,971)	(206,971)
At 30 June 2015	3,802,550	147,960	3,950,510

On 28 May 2015, the company paid an interim dividend of TRY206,971,000 (TRY544.24 per share) to Diageo UK Turkey Holdings Limited.

10. Reconciliation of movement in shareholders' funds

	30 June 2015 TRY'000	30 June 2014 TRY'000
Profit for the financial year	276,098	195,812
Dividend paid	(206,971)	(143,817)
Net addition to shareholders' funds	69,127	51,995
Shareholders' funds at the beginning of year	3,881,763	3,829,768
Shareholders' funds at the end of the year	3,950,890	3,881,763

11. Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is Diageo UK Turkey Holdings Limited, a company incorporated and registered in England.

The ultimate parent undertaking of the company is Diageo plc, a company incorporated and registered in England. The consolidated financial statements of Diageo plc can be obtained from the registered office at Lakeside Drive, Park Royal, London, NW10 7HQ.